



Performance Based Budget Director Evaluation

The following analysis is an attempt to measure the performance of OMB Directors, based on how much they were able to restrain the growth of public debt during their term in office. The analysis looks at the average monthly rate of growth (or decline) in public debt at the time a budget director took office and compares that with the rate of growth (or decline) in public debt on the date the director departed office. If, for instance, a budget director inherited a public debt growing by \$5 billion a month and cut that rate of growth to \$3 billion a month, he would be evaluated as having had a positive impact on the nation's fiscal health. Conversely, if a budget director began office with the debt growing by \$1 billion a month and allowed it to increase to \$2 billion a month, he would be evaluated negatively.

Because of the seasonal fluctuations in the collection of government revenues as well as in the expenditure of government funds, the average monthly rate of growth or decrease in the public debt is calculated based on a 12 month period beginning six months before the director assumed his responsibilities and ending six months after that date. The same calculation is done for the date the director completed his term. The current director is included in the analysis based on his performance from the date he assumed his duties in January 2001 through January 2002. Estimates for change in the public debt over the next six months are based on his January budget submission predicting a \$106 billion unified budget deficit for fiscal 2002.

Using the same color coding as presented in the President's Fiscal 2003 Budget, directors who improved the fiscal condition of the federal government during their tenure by at least \$2 billion a month are charted with the color green. Those whose budgets changed the rate of growth in the debt by less than \$2 billion are coded in yellow. Directors whose tenure resulted in the monthly rate of growth in the public debt increasing by more than \$2 billion a month are coded in red.

During the last 29 years, thirteen separate individuals have served as Director of OMB. Seven have presided over decreases in the growth of public debt and six have presided over increases. Of the seven who were able to slow the growth of public debt, five reduced monthly debt growth by more than two billion a month. They included James Miller, Leon Panetta, Alice Rivlin, Franklin Raines and Jacob Lew. Four OMB Directors presided over increases in the growth of public debt that exceeded \$2 billion a month. These individuals included Roy Ash, David Stockman, Richard Darman and Mitch Daniels.

The largest reduction in the growth of public debt during the term of a single director occurred under the watch of Franklin Raines. When he assumed office in September of 1996 debt was growing at a rate of \$9.8 billion a month. When he left OMB in May of 1988, the public debt was shrinking at a rate of nearly \$4 billion a month. The largest increase in the growth of public debt occurred during the time that the current budget director has thus far served. The debt was shrinking at a rate of \$18.6 billion a month when he became director of January 2001. It was growing at a rate of \$1.6 billion a month one year later.

*A Report by the Minority Staff,
House Appropriations Committee*

